

schedule to recover an additional \$66.4 million. This second Application was primarily based upon the forecasted below-average water flows in Idaho Power's hydroelectric system for the coming year. Taken together, the Company sought to recover approximately \$227.4 million over a one-year period for the 2000-2001 PCA year. Order No. 28722 at 2.

In Order No. 28722 the Commission allowed Idaho Power to immediately recover \$168.3 million through the PCA mechanism. The Commission deferred recovery of approximately \$59 million pending further investigation. *Id.* at i. In particular, the Commission scheduled an evidentiary hearing to examine the remaining \$59 million from the 2000-2001 PCA year relating to Idaho Power's "trading practices (to include hedging, transmission and wheeling charges, Mid-C pricing, and the use of weighted average pricing), the November trading event, and the Company's resource planning." Order No. 28722 at 17. In other words, the focus of the -7/11 cases is to decide those issues remaining from the 2000-2001 PCA year.

The focus of the -16 case is two fold. First, the Commission intends to examine Idaho Power's trading practices (including hedging, transmission and wheeling charges, use of the Mid-C pricing mechanism, and the use of weighted average pricing) on a going forward basis, i.e., for the 2001-2002 PCA year beginning March 1, 2001 and beyond. Second, the Commission also intends to re-examine Idaho Power's Service Agreement with its unregulated affiliate, IDACORP Energy (IE)¹ adopted in Order No. 28596 issued December 19, 2000 in Case No. IPC-E-00-13. *See* Order No. 28722 at 17-18.

THE JOINT MOTION

Prefiled direct and rebuttal testimony in the three cases was filed with the Commission in July and early August 2001, respectively. On August 16, 2001, the parties² convened a settlement conference to discuss issues in the -16 case. As noted in the Joint Motion, all the parties to the -16 case were in attendance at the settlement conference. Joint Motion at 1.

¹ At the time the Commission issued its Order No. 28722, IE was known as IDACORP Energy Solutions (IES). As it recently stated in a filing before the Ninth Circuit Court of Appeals, IE "is a limited partnership organized under the laws of the state of Delaware. . . . IE is a successor-in-interest to a division of Idaho Power Company known as IDACORP Energy Solutions" Disclosure Statement of IDACORP Energy, LP in *Public Utility Commission of the State of California v. Federal Energy Regulatory Commission*, Case No. 01-71051 (August 9, 2001). The Disclosure Statement also indicates that Idacorp Energy Services Company, a Nevada corporation, holds 99% of the partnership interest in IE. Idacorp Energy Services Company is a wholly-owned subsidiary of IDACORP, Inc., an Idaho corporation. *Id.*

² The parties supporting the Joint Motion are: Idaho Power, Commission Staff, the Irrigation Pumpers Association, the Industrial Customers of Idaho Power, Astaris, and the U.S. Department of Energy.

Following discussion of the issues, the parties agreed to recommend that the Commission bifurcate the issues in the -16 case. The parties maintain that the issues appropriate for immediate resolution in the -16 case (to be heard August 28-30) include “transfer prices” for transactions between Idaho Power and IE from March 1, 2001 until the Commission issues its Order in Phase I of the -16 case. Phase II of the case will re-examine the affiliate agreement between Idaho Power and IE. The Joint Motion states that the parties

recognize that a collaborative process, undertaken over a period of time, is much more likely to achieve mutual acceptable results than is the adversarial hearing process.

While some Parties have expressed skepticism concerning the ultimate likelihood of achieving consensus, all Parties have agreed that it is worthwhile to give the collaborative process an opportunity to succeed.

Joint Motion at 2.

The parties also recommend a procedural schedule for the bifurcated –16 case. Idaho Power agreed that on or before September 13, 2001, it will provide a proposal outlining actions or amendments it has or will take immediately to address the Idaho Power–IE Agreement initially approved in Order No. 28596 in Case No. IPC-E-00-13. *See* Order No. 28722 at 17-18. Parties will then convene a workshop on September 20, 2001 “to discuss the materials provided by Idaho Power and to discuss a schedule [for] further workshops.” Joint Motion at 2. The parties will then report on the status of efforts to settle the Service Agreement issues.

DISCUSSION

To facilitate an orderly review of the issues contained in the -16 case, the Commission grants the Motion to bifurcate. The Commission agrees with the parties that it is appropriate to decide the issues of the Company’s trading practices including hedging, transmission charges, Mid-C pricing, and real time pricing between March 1, 2001 through the issuance of our Order in Phase I of the –16 case. Because all the parties supported the Joint Motion and the hearing is set for next week, the Commission finds that it is appropriate to rule on the Joint Motion for procedural relief without delay. IDAPA 31.01.01.256.03.

The Commission further finds that the proposed schedule for the bifurcated –16 case is appropriate. For Phase II, Idaho Power shall file an initial proposal outlining amendments to the Idaho Power–IE Service Agreement (including resource planning measures) no later than September 13, 2001. The parties shall also convene an informal workshop on September 20,

2001 to discuss Idaho Power's proposal and the further processing of the -16 case. Following the September 20 workshop, the parties shall report on the status of the settlement discussions concerning the Service Agreement and recommend how Phase II of the -16 case may be processed.

Given the relief granted above, we take this opportunity to discuss the evidentiary hearings scheduled for August 28-30, 2001. It is our intent to first hear the -7/11 cases concerning the outstanding \$59 million request from the 2000-2001 PCA year. We shall then take evidence in the Phase I portion of the -16 case regarding the Company's trading practices (hedging, transmission and wheeling charges, Mid-C pricing, and weighted average pricing) on a going forward basis as of March 1, 2001.

ORDER

IT IS HEREBY ORDERED that the Joint Motion to bifurcate the IPC-E-01-16 case is granted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this day of August 2001.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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